



June 22, 2006

TO: Transportation Authority of Marin Commissioners

FROM: Dianne Steinhauser, Executive Director

RE: Approval of the Citizens' Oversight Committee Recommendation for Professional Services Agreement with R. J. Ricciardi for FY05/06 Audit – Agenda Item 6c

Dear Commissioners:

Executive Summary

At its September 19, 2005, the Citizens' Oversight Committee recommended the selection of the firm, R.J. Ricciardi, to perform TAM's FY04/05 financial audit. The agreement with Ricciardi included the option for TAM to extend the contract for an additional year. At the April 17, 2006 meeting of the Citizens' Oversight Committee, the Committee members recommended that the current contract with R.J. Ricciardi be extended for the FY05/06 audit.

Recommendation: The Citizens' Oversight Committee recommends that TAM authorize the Chair to approve the amendment of the Professional Services Contract with R. J. Ricciardi, Inc. to perform TAM's FY05/06 financial audit for the amount not-to-exceed \$12,000.

At the April 17, 2006 Citizens' Oversight Committee meeting, the Committee approved the amendment of the R.J. Ricciardi contract to perform the FY05/06 audit. Based on their review of the FY04/05 financial audit and in view of increased Measure A revenues and expenditures during the FY05/06 fiscal year, the Committee requested a minor changes to the audit scope, to which R. J. Ricciardi has agreed.

Scope of Services

The scope includes the audit of TAM's financial statements, and, if needed, the performance of a Single Audit for federally-funded programs. All work is to be performed in accordance with generally accepted auditing standards. The scope has been modified from that of the FY04/05 audit to include the requirement that revenues and expenditures related to the Measure A transportation sales tax funds will be identified separately. The detailed scope of work is included as Exhibit "A", to the First Addendum to the Professional Services Agreement.

Budget

This contract amendment provides funding in the amount of \$12,000 for the Certified Public Accountant firm of R. J. Ricciardi, Inc. The services and budget included in the contract are

consistent with industry norms. The funding for this contract will come from the 5% administration costs provided for in the Measure A Expenditure Plan.

Schedule

The consultant contract will be for a one-year period, with services commencing upon execution of the contract. An opportunity for an annual extension for one more fiscal year, beyond the current amendment, was included in the original contract.

Recommendation

The Citizens' Oversight Committee recommends that TAM authorize the Chair to approve the amendment of the Professional Services Contract with R. J. Ricciardi, Inc. to perform TAM's FY05/06 financial audit for the amount not-to-exceed \$12,000.

Attachments: Addendum to Professional Services Contract C-FY05/06-002, with
R.J. Ricciardi, Inc., CPA
Addendum Exhibit A – Scope of Services
Addendum Exhibit B - Fees and Payment Schedule

FIRST ADDENDUM TO AGREEMENT C-FY05/06-002

**BY AND BETWEEN THE
TRANSPORTATION AUTHORITY OF MARIN
AND R.J. RICCIARDI, INC., DATED JUNE 22, 2006**

THIS FIRST ADDENDUM is made and entered into this 22ND day of June 2006 by and between the TRANSPORTATION AUTHORITY of MARIN, hereinafter referred to as "TAM" and R.J. Ricciardi, Inc., hereinafter referred to as "Contractor."

RECITALS:

WHEREAS, TAM and the Contractor entered into an agreement dated 22 September 2005 ("Agreement"); and

WHEREAS, Exhibit A to the Agreement obligated Contractor to perform the audit and express an opinion on the fair presentation of TAM's general purpose financial statements; and

WHEREAS, the parties desire to amend the Agreement to include performing TAM's FY 05/06 financial audit.

NOW, THEREFORE, for and in consideration of the agreement made, and the payments to be made by TAM, the parties agree to the following:

AGREEMENT:

1. Except as otherwise provided herein all terms and conditions of the agreement shall remain in full force and effect.
2. Updated Certificate of Insurance(s) attached hereto.
3. Exhibits A & B are hereby amended to add the following: see attachment Exhibits A & B.

IN WITNESS WHEREOF, the parties hereto have executed this First Addendum on the day first written above.

"TAM"

TRANSPORTATION AUTHORITY of MARIN:

By: _____
Chair, Steve Kinsey

"CONTRACTOR"

R. J. Ricciardi, Inc.

By: _____
Michael O'Conner

EXHIBIT A

SCOPE OF SERVICES

A. Scope of Work to be Performed

RJ Ricciardi (Contractor) will express an opinion on the fair presentation of TAM's general purpose financial statements and combining financial statements in conformity with generally accepted accounting principles.

B. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the requirements of the *California Code of Regulations* (Title 2, Division 2, Chapter 2, Subchapter 5), and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments.

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the Contractor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the Contractor's understanding of the control structure and assessment of control risk.
3. A management report with recommendations for improving operations.
4. Completion and filing of the federal "Data Collection Form for Reporting on Audits Of States, Local Governments, And Non-Profit Organizations [Form SF-SAC].

The Contractor will prepare the initial draft of the financial statements, the footnote disclosures and schedules for review and acceptance by TAM. In the draft financial statements, the Contractor will breakout revenues and expenditures related to the Measure A transportation sales tax funds. Final report preparation, editing, and printing shall be the responsibility of the Contractor.

D. Presentation of the Audit

Following the completion of the audit, the Contractor will attend a meeting of the Citizens' Oversight Committee to present the audit and respond to questions.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the Contractor's expense, for a minimum of five (5) years, unless the firm is notified in writing by TAM of the need to extend the retention period. The Contractor will be required to make working papers available, upon request, to the following parties or their designees:

- The Citizens' Oversight Committee
- TAM

- Cognizant Agencies for Federal grants
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by TAM as part of an audit quality review process

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

F. Assistance to be Provided to the Contractor

TAM management and clerical staff as well as TAM's consultants will be available during the audit to assist the firm by providing information, documentation and explanations.

It should also be noted that there is limited space available for the Contractor. A small meeting room will be made available, which will comfortably accommodate two to four people. The Contractor will be provided with access to a telephone, photocopying and fax machines.

EXHIBIT B
FEES AND PAYMENT SCHEDULE

Financial Audit for the fiscal year ended June 30, 2006

Contractor will be compensated as follows, with the total not to exceed \$10,000 over the contract performance period from September 26, 2005 to June 30, 2006.

- Financial audit for fiscal year ending June 30, 2006.

Total Fee: \$10,000

- Technical assistance to be billed at \$125 per hour plus out-of-pocket expenses. This service will be rendered on an as-needed basis through the fiscal year.

Not to Exceed: \$2,000

Maximum not to exceed amount: \$12,000